

Kentucky Agricultural Development Board

Minutes of the December 19, 2008 Board Meeting

The Kentucky Agricultural Development Board meeting was held on Friday **December 19, 2008** at **10:00 EST**, at the Franklin County Cooperative Extension Office in Frankfort, KY. Mac Stone, presiding, called the meeting to order, and the Secretary called the roll.

Roll Call

Commissioner Richie Farmer (Mac Stone, designee); Vickie Yates Brown; Rodney Dick; Secretary Larry Hayes (Don Goodin, designee); Pat Henderson; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Troy Rankin; Jim Sidebottom; Dr. Mary Sias (Dr. Kimberly Holmes, designee); Dean Scott Smith

Members with Excused Absences

Others Present

Staff - Roger Thomas, Angela Blank, Jennifer Daniels, Diane Fleming, Sandy Gardner, Cyndi Hall, Todd Harp, Bill Hearn, Jennifer Hudnall, Tim Hughes, Michael Judge, Christi Marksby, Bill McCloskey, Joel Neaveill, Kylee Smith

Guests – H. H. Barlow, Ray Bowman, Willie Campbell, Maury Cox, Sam Finney, Denise Jones, Dr. Gary Lane, Dave Maples, Dr. Jack McAllister, Bill Newell, Mike Owen, Dave Roberts, Eunice Schlappi, Jimmy Woodall, and Dan Young, supporting Kentucky Dairy Development Council (KDDC); Brent Lackey and Nathan Routt, Kentucky Center for Agriculture and Rural Development (KCARD); Kara Keeton, Keeton Communications, Inc.; Bob Gaslin and Larry Jaggers, Kentucky Agricultural Finance Corporation (KAFC) Board Members; Warren Beeler, Kentucky Department of Agriculture (KDA); John Bell and Will Southerland, Kentucky Horticulture Council, Inc. (KHC); Ona Sidebottom; Lowell Atchley, Legislative Research Commission (LRC); Bob Bedford and Butch Case, Harrison County Farmers; Donald Christman and Terry Ishmael, Fleming County Cattlemen's Association; Dr. Dwayne Ingram, University of Kentucky Horticulture; Keenan Bishop, Franklin County Cooperative Extension Agent

Notification of Media

Mac Stone received verification that the media had received notice regarding the Kentucky Agricultural Development Board (KADB) monthly meeting and Kara Keeton from Keeton Communications, Inc. is present.

Welcome

Mr. Stone welcomed everyone to the KADB meeting.

Approval of Minutes

Dean Scott Smith moved to approve the minutes of the November 21, 2008 meeting as presented; Pat Henderson seconded the motion. The motion passed without dissent.

Executive Director's Report

Mac Stone called on Roger Thomas to give the Executive Director's Report.

Mr. Thomas welcomed all who attended the Board Meeting and gave an overview of the agenda.

Mr. Thomas reported on the December 3, 2008 Tobacco Settlement Agreement Fund Oversight Committee Meeting. The next Tobacco Settlement Agreement Fund Oversight Committee meeting will be held on January 7, 2009 upon adjournment of legislature.

The Governor's Office of Agricultural Policy (GOAP) staff testified before the Rural Issues Subcommittee of the Interim Joint Committee on Agriculture and Natural Resources on December 10, 2008. Potential legislative proposals were discussed. Chairman Mike Denham and Chairman Vernie McGaha asked for an update on expected legislation which will include matters concerning the Kentucky Agriculture Resource Development Authority (KARDA) Board and the County Agricultural Development Councils. County Council issues concern rotation of members, the terms they serve, and the addition of a additional that would represent an underserved constituency.

Mr. Thomas reported on meetings with Representative Tom McKee and Senator-elect David Givens representing South Central Kentucky. Senator-elect Givens will be the chair of the newly formed Senate Agriculture Committee. He previously served on the County Council in Green County. Both meetings were successful laying the ground work for the coming year.

Mr. Thomas called on Angela Blank to give details concerning the January 15, 2009 Annual Meeting to be held in Lexington, KY. KADB members have been asked to be part of a panel discussion. Ms. Blank directed the Board Members to the agenda and two handouts concerning the Annual Meeting. Information can also be found on the GOAP website.

Mr. Thomas reported on the Switchgrass Burn Event at East Kentucky Power (EKP). Mr. Thomas, Tim Hughes and Ms. Blank attended the event. Two articles were given to the Board Members in their Update folder (on file with the Board Secretary). Congressman Geoff Davis had his Field Representative, William Cooper, covering the event. Mr. Hughes commended EKP for their involvement in this project.

Mr. Thomas reported on the County Council membership update. Currently 117 of 120 Councils have updated their memberships. Greenup, Leslie, and Letcher counties have not reported. Funds for these counties will not be released until an update is received.

Mr. Thomas reported on the Kentucky Agriculture Relief Effort (K.A.R.E.) Program. To date, \$11,254,644 has been disbursed.

Mr. Thomas appointed an advisory committee for the Katelyn's Honey application: Wayne Mattingly, Vickie Yates Brown, Pat Henderson, and Jim Sidebottom.

Mr. Thomas called on Diane Fleming to give a legal update. Ms. Fleming reported that staff continues to go through old project files. Some of the recipients are submitting outstanding reports required to close out projects. Ms. Fleming thanked the Compliance Staff and the Project Analyst's for their outstanding work. Ms. Fleming gave an update on Cumberland Farm Products Association, Inc. Ms. Fleming made a visit to this project in December with Rodney Dick, Todd Harp and Mike Tobin. Ms. Fleming will be sending a Demand Letter to Cumberland Farm Products Association, Inc. The Re-borne, Inc. contract and supporting documents have been mailed to the applicant. The Memorandum of Agreement Committee met and continues working on the document between KADB and Kentucky Agricultural Finance Corporation (KAFC). Ms. Fleming asked the Board for their input on the UK Agricultural Leadership Program Legal Agreement in regards to the standards of accountability. The Board requested Ms. Fleming work with Leadership Kentucky to develop the standards and complete the document. Vickie Yates Brown assisted Ms. Fleming on the Foothills Products and Services, Inc. contract. Ms. Fleming handed out suggested amendments to the Board to be included in the contract which were not clearly specified by the Board originally (handout on file with the Board Secretary). Personal guarantees will be required from owners with a 20% or greater owner interest. Mr. Lawson asked for a list of standard contract items. **Dean Smith moved to accept the suggested language for the Legal Agreement for Foothills Products and Services, Inc.; Jim Mahan seconded the motion. The motion passed without dissent.**

Mr. Thomas called on Kylee Smith to report on a Memorandum concerning the Fourth Quarter Monitoring and Compliance (on file with the Board Secretary).

Mr. Thomas called on Mr. Hughes to give a brief report on the County Comprehensive Plans. Mr. Hughes has received the last plan from Jefferson County. This completes this project. **Mr. Mahan made a motion to accept the Jefferson County revised Comprehensive Plan; Dr. Kimberly Holmes seconded the motion. The motion passed without dissent.** Mr. Hughes reported on the recurring themes from the 120 County Plans.

Mr. Thomas called on Bill McCloskey to give a report on KAFC (on file with the Board Secretary). Mr. McCloskey introduced two KAFC Board Members who were present at the Board Meeting, Larry Jagers and Bob Gaslin. Mr. McCloskey gave an update on the Large/Food Animal Veterinary Loan Program referring to the handout (on file with the Board Secretary). **Rodney Dick moved to approve the language of the Large/Food Animal Veterinary Loan Program; Sam Moore seconded the motion. The motion passed without dissent.**

Sam Lawson moved to authorize the transfer of \$5 Million from KADB to KAFC, in the same proportion to the existing categories with \$1 Million reserved for the funding of the Large/Food Animal Veterinary Loan Program. The advisory committee will continue working with Ms. Fleming to finalize the KADB-KAFC Legal Agreement to be presented to the Board for final approval. Mr. Mahan seconded the motion. The motion passed without dissent.

The 2008 Annual Report will be provided to Board Members in January.

Old Business

Mr. Thomas introduced a draft document for policy changes that the staff and Policy Review Committee are recommending. Mr. Thomas indicated that this effort is to provide more access to KADB funds and to improve efficiencies in their distribution. A draft document was included in the Update Folder (on file with the Board Secretary).

Mr. Thomas called on members of the committee to make comments. Mr. Moore agreed that these changes are a needed reassessment of the program.

Mr. Thomas encouraged input from many sources; much like was done for the K.A.R.E. Program. We are recommending a roll out of the modifications in March.

Mr. Mahan moved to accept the concept of the draft for policy changes and information gathering period, to adopt a blackout period for Model Programs from January 2009 to March 2009, and an every-other-month presentation schedule for non-model projects; Mr. Lawson seconded the motion. The motion passed without dissent.

Mr. Thomas announced there would be a committee meeting for the policy changes next Monday with a summary of the proposals to be posted on the Website by close of business Monday.

Mr. Thomas introduced Donald Christman and Terry Ishmael from Fleming County. They commended the GOAP and the KADB for their efforts.

Adjourned for lunch at 12:15 p.m. EST.

Reconvened at 1:00 p.m. EST.

Mr. Thomas acknowledged the work of Kylee Smith, Todd Harp, and the policy committee in developing the concept of the model program changes presented to the Board.

Recommendations for Deferred Funding

Mr. Stone presented A2008-0426 Kentucky Horticulture Council, Inc. Kentucky Horticulture Council, Inc. (KHC) requests \$2,564,900 in State funds for efforts in developing infrastructure devoted to making Kentucky a competitive region for

horticultural products. Mr. Stone called on John Bell, President of KHC, to make a presentation and answer any of the Board's questions. Mr. Bell introduced Bob Bedford and Butch Case who have both utilized the program. Mr. Bell also introduced his colleague, Will Southerland.

Mr. Stone presented A2008-0434 Kentucky Dairy Development Council, Inc. Kentucky Dairy Development Council, Inc (KDDC). requests \$983,400 in State funds to further their efforts and continue their support for Kentucky's dairy industry. Mr. Stone called on Maury Cox with KDDC to give a presentation and to answer any of the Board's questions. Also present: Sam Finney (supervisor), Dan Young, Eunice Schlappi, Mike Owen, Jimmy Woodall, Bill Newell, Dr. Gary Lang, Denise Jones (consultant), Dave Roberts (consultant), H.H. Barlow, Dr. Jack McAllister, Ray Bowman, Willie Campbell (dairy consultant).

Mr. Thomas appointed a Committee for this project: Wayne Hunt, Jim Mahan, and Sam Lawson.

New Business

Referral of January Projects¹

Mr. Stone presented projects A2008-0466 to A2008-0488 for referral to the Board's January 16, 2009 meeting for review. **Mr. Dick moved that projects A2008-0466 to A2008-0488 be referred for January 16, 2009 review; Dr. Holmes seconded the motion. The motion passed without dissent. Note: A2008-0475 Washington County Cattlemen Association, Inc. has been withdrawn.**

Approval of Model Programs²

Mr. Stone submitted projects requesting funds for county model programs meeting state program guidelines and compliance standards. **Mr. Henderson moved the said applications be approved for the named model programs; Troy Rankin seconded the motion. The motion passed without dissent.**

Approval of Menu Projects³

Mr. Stone submitted two (2) projects requesting funds for county menu projects meeting state program guidelines and compliance standards. **Mr. Moore moved the said applications be approved for the named model programs; Mr. Sidebottom seconded the motion. The motion passed without dissent.**

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

³ A detailed list of projects funded under each menu project category is attached as Appendix C.

Requested Amendments⁴

Commissioner Farmer presented six (6) requested amendments for approval. **Mr. Dick moved that said amendments be approved; Mr. Rankin seconded the motion. The motion passed without dissent.**

Memo Action Items

Mr. Thomas presented a Memorandum on A2006-0461 The Kentucky Poultry House Evaluation Project. The Kentucky Poultry House Federation requests to waive the \$200 application fee on behalf of future applicants within the Poultry House Evaluation Service and to refund the fee to the growers who have already paid. The deposit was intended to be refunded if the producer implemented at least \$200 of the recommended energy saving improvements. The waiver does not require any additional KADB funds to be committed to the project and should increase participation in the program. A timeline of events concerning the Kentucky Poultry House Evaluation Project was provided in the Update Folder (on file with the Board Secretary). Staff recommends approving this project. **Mr. Mahan moved to approve staff recommendation to waive \$200 application fee for future applicants and refund the fee to those that have already paid; Dr. Holmes seconded the motion. The motion passed without dissent.**

Michael Tobin presented a Memorandum on A2008-0417 Wayne County Agriculture Development Council, Inc. The Wayne County Agriculture Development Council, Inc. requests to add Commercial Poultry Diversification and On-Farm Water Enhancement to the existing menu. This project received a high priority from the Wayne County Agricultural Development Council. Staff recommends approving this project pending meeting all state program guidelines and compliance standards. **Mr. Moore moved to approve the request to add Commercial Poultry Diversification and On-Farm Water Enhancement to the existing project; Mr. Dick seconded the motion. The motion passed without dissent.**

Jennifer Hudnall presented a Memorandum on A2008-0474 Luckhardt, Inc; A2008-0487 Glauber Farms, Inc; and A2008-0472 Keith Moss. The applicants request to participate in the Pilot Farm Management program. Luckhardt, Inc. is requesting \$700 in Carroll County Funds; Glauber Farms, Inc. is requesting \$1,800 in Carroll County Funds and Keith Moss is requesting \$1,240 in Green County funds. These projects received high priorities from their County Agricultural Development Council's. Staff recommends approving these projects pending meeting all state program guidelines and compliance standards. **Mr. Rankin moved that Luckhardt, Inc. be approved for \$700 in Carroll County Funds; Glauber Farms, Inc. be approved for \$1,800 in Carroll County Funds and Keith Moss be approved for \$1,240 in Green County funds; Mr. Dick seconded the motion. The motion passed without dissent.**

Jennifer Hudnall presented a Memorandum on A2008-0546 Grant County Agricultural Diversification Council, Inc. At the November 21, 2008 meeting The Grant County

⁴ A detailed list of requested amendments approved is attached as Appendix D.

Agricultural Diversification Council, Inc. was approved for \$15,750 in Grant County funds. There were insufficient funds in the Grant County account to cover this project. Therefore, staff is requesting to amend their application to \$14,550 in Grant County Funds. **Don Goodin moved that said amendment be approved; Mr. Rankin seconded the motion. The motion passed without dissent.**

Todd Harp presented a Memorandum on A2008-0464 Nicholas County Fiscal Court. At the November 21, 2008 meeting Nicholas County Fiscal Court was approved for \$380,200 in Nicholas County funds. There were insufficient funds in the Nicholas County account to cover this project. Therefore, staff is requesting to amend their application to \$324,560 in Nicholas County Funds. **Jim Sidebottom moved that said amendment be approved; Mr. Dick seconded the motion. The motion passed without dissent.**

Christi Marksburry presented a Memorandum on A2007-0375 Let's Beautify LaCenter, Inc. Let's Beautify LaCenter, Inc. is requesting that the KADB remove the additional \$50,000 in matching funds from the land donation from this project. Staff recommends approving this request for eliminating the \$50,000 from the original project match. Staff recommends this due to extenuating circumstances, and this is not considered a precedent setting decision on the part of the KADB. **Mr. Moore moved that said amendment be approved; Mr. Hunt seconded the motion. The motion passed without dissent.**

Christi Marksburry presented a Memorandum on A2008-0095 Breckinridge County Board of Education. Breckinridge County Board of Education requests to add an additional 12 slots for the MIG welding program to accommodate greater participation in the program. Staff recommends funding an additional \$7,480 in Breckinridge County funds due to demand for the program. **Mr. Mattingly moved that said amendment be approved; Mr. Hunt seconded the motion. The motion passed without dissent.**

Christi Marksburry presented a Memorandum on A2008-0119 Daviess County Conservation District. The Daviess County Conservation District is requesting \$7,860 in Daviess County funds to amend the current agricultural youth cost-share program. There were more applicants for the program than the administrator could fund. Therefore, the Daviess County Conservation District would like to amend the current program by adding \$7,860 to fund the additional applicants and complete the program. Staff recommends funding this request for \$7,860 in additional Daviess County funds. **Mr. Goodin moved that said amendment be approved; Dr. Holmes seconded the motion. The motion passed without dissent.**

Recommendations for Funding

Jennifer Hudnall presented A2008-0451, The Boyle County Foundation. The Boyle County Foundation requests \$40,000 in Boyle County funds to construct a green house facility of the grounds of Boyle County High School. Ms. Hudnall reviewed the proposed terms and conditions for the project. This project received a high

priority from the Boyle County Agricultural Development Council. Staff recommends approving this project pending all state program guidelines and compliance standards being met. **Mr. Dick moved that A2008-0451 be approved for \$40,000 in Boyle County funds; Mr. Hunt seconded the motion. The motion passed without dissent.**

Recommendations for Pending Funding

The following applications were discussed, but no action was taken: Anderson's Victory Haven Training Center (A2008-0447) and Washington County Cattlemen Association, Inc. (A2008-0475) however, this project was withdrawn on December 11, 2008.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 10:15 a.m. EST on Friday, January 16, 2009 at the Lexington Center in Lexington, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 2:55 p.m. EST.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

APPEDIX A: New Applications for Referral

App #	Applicant	Request Type
A2008-0466	Green River Area Beef Improvement Group, Inc.	Technology
A2008-0467	Franklin County Cattlemen's Association, Inc.	Project
A2008-0468	Breckinridge County Diversification Council, Inc.	Goat & Sheep Diversification
A2008-0469	South Kentucky Rural Electric Cooperative Corporation	Project
A2008-0470	Russell County Cattlemen's Association, Inc.	Project
A2008-0471	The Boone County Farmers Market Association, Inc.	Agricultural Diversification
A2008-0472	Keith Moss	Pilot Farm Management
A2008-0473	Carolines Garden	Project
A2008-0474	Luckhardt, Inc.	Pilot Farm Management
A2008-0475	Washington County Cattlemen Association, Inc.	Project
A2008-0476	Washington County Conservation District	Project
A2008-0477	Bracken County Conservation District	Forage Improvement & Utilization
A2008-0478	Meade County Extension District Board	Project
A2008-0479	Murray State University	Project
A2008-0480	Western Kentucky University Research Foundation, Inc.	Project
A2008-0481	Todd County Fiscal Court	Project
A2008-0482	Cowtown Foundation	Project
A2008-0483	Start Your Dreams Inc.	Project
A2008-0484	Central KY Custom Meats, Inc.	Project
A2008-0485	Bath County Cattlemen's Association, Inc.	Project
A2008-0486	Equus Run Vineyards LLC	Project
A2008-0487	Glauber Farms, Inc.	Pilot Farm Management

APPEDIX A: New Applications for Referral

App #	Applicant	Request Type
A2008-0488	Media Working Group, Inc.	Project

APPENDIX B: Model Programs Recommended for Approval

Agricultural Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0471	The Boone County Farmers Market Association, Inc.	Boone	\$20,000.00
			\$20,000.00

Forage Improvement & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0477	Bracken County Conservation District	Bracken	\$27,500.00
			\$27,500.00

Goat & Sheep Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0468	Breckinridge County Diversification Council, Inc.	Breckinridge	\$35,000.00
			\$35,000.00

Technology

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0466	Green River Area Beef Improvement Group, Inc.	Henderson	\$27,747.00
			\$27,747.00

Total County Funds Recommended for Approval in Model Programs: **\$110,247.00**

APPEDIX C: Menu Projects Recommended for Approval

Project			
<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0467	Franklin County Cattlemen's Association, Inc.	Franklin	\$58,800.00
A2008-0470	Russell County Cattlemen's Association, Inc.	Russell	\$51,250.00
			<hr/> \$110,050.00

Total County Funds Recommended for Approval in Menu Projects: **\$110,050.00**

APPENDIX D: Requested Amendments-Projects & Programs

App #	A2007-0385
Applicant Name	Jackson Purchase Resource Conservation & Development Foundation, Inc.
Amount Approved	\$42,232
Date	9/21/2007
Requested Change	The applicant requests an <u>additional</u> \$5,040 for the <i>Hay, Straw, & Commodity Storage</i> Program. The request received a <u>high</u> priority from the McCracken Agricultural Development County Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request will bring the program total to \$47,272.
Recommendation	Approval
App #	A2007-0439
Applicant Name	Owen County Farm Bureau
Amount Approved	\$314,000
Date	11/16/2007
Requested Change	The applicant requests an <u>additional</u> \$120,000 for a menu approach of the following programs: <i>Cattle Handling Facilities; Forage Improvement & Utilization, Hay, Straw, & Commodity Storage; and On-farm Water Enhancement</i> Programs. The request received a <u>high</u> priority from the Owen County Agricultural Development Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$434,000.
Recommendation	Approval
App #	A2008-0291
Applicant Name	Mercer County Conservation District
Amount Approved	\$35,000
Date	6/27/2008
Requested Change	The applicant requests an <u>additional</u> \$15,140 for the <i>Hay, Straw, & Commodity Storage</i> Program. The request received a <u>high</u> priority from the Mercer County Agricultural Development Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request will bring the program total to \$50,140.
Recommendation	Approval

APPENDIX D: Requested Amendments-Projects & Programs

App #	A2008-0369
Applicant Name	Carter County Agriculture Advancement Council, Inc.
Amount Approved	\$6,000
Date	8/15/2008
Requested Change	The applicant requests an <u>additional</u> \$6,656 for the <i>Agricultural Diversification</i> Program. The request received a <u>high</u> priority from the Carter County Agricultural Development Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$12,656.
Recommendation	Approval

App #	A2008-0390
Applicant Name	Carter County Agriculture Advancement Council, Inc.
Amount Approved	\$90,886
Date	8/15/2008
Requested Change	The applicant requests an <u>additional</u> \$8,012 for the <i>Forage Improvement & Utilization</i> Program. The request received a <u>high</u> priority from the Carter County Agricultural Development Council. The term of the program shall remain 12-months from the execution date of the original agreement. Approval of this request would bring the program total to \$98,898.
Recommendation	Approval

App #	A2008-0392
Applicant Name	Carter County Agriculture Advancement Council, Inc.
Amount Approved	\$50,000
Date	8/15/2008
Requested Change	The applicant requests an <u>additional</u> \$5,899 for the <i>Hay, Straw, & Commodity Storage</i> Program. The request received a <u>high</u> priority from the Carter County Agricultural Development Council. The term of the program shall remain 18-months from the execution date of the original agreement. Approval of this request would bring the program total to \$55,899.
Recommendation	Approval